(b) and (c) There has been no loss of Foreign Exchange as there are no cases of over-invoicing. Details of cases where under-invoicing has been resorted to for evasion of excise duty during 2000-01, 2001-02 and 2002-03, case-wise are annexed. Suitable action as per Central Excise Act, 1944 and the Rules made thereunder is being taken to recover the amount.

(d) There has been no delay in deciding these cases.

(e) and (f) In view of reply to part (d) above question does not arise.

Review of functioning of Panchayati Raj Institutions

2280. SHRI S.S. AHLUWALIA: Will the Minister of PANCHAYATI RAJ be pleased to state:

(a) whether any review of the functioning of the Panchayati Raj institutions, with particular reference to utilization of authorities devolved to the respective tiers of the institutions, *vis-a-vis* those envisaged in the Law, across the country;

(b) if so, the salient findings thereof especially highlighting the weak-spots and loopholes, if any, which might have been found to be hindering better realization of the objectives of the institutions, State-wise; and

(c) the measures initiated, if any, to facilitate improvement of the prevailing situations?

THE MINISTER OF PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR): (a) to (c) The Ministry of Panchayati Raj convened seven Round Table meetings with State Ministers in charge of Panchayati Raj and evolved, by consensus, a set of around 150 points for action which have been put together in a compendium that was adopted unanimously at the conclusion of the last Round Table in Jaipur. A Council of State Ministers of Panchayati Raj under the Chairmanship of Union Minister for Panchayati Raj has been constituted to monitor the implementation of the recommendations.

A Committee of Chief Secretaries of States and State Panchayati Raj Secretaries has been constituted under the Chairmanship of the Secretary (Panchayati Raj) to monitor the progress on the implementation of the 150 recommendations of the Seven Round Tables. Two review

meetings of the Committee have so far been held on the 11th April, 2005 and 29th June, 2005. The inaugural meeting of the Council has been held on 5th-6th August, 2005 at Kochi. The progress in devolution of functions was reviewed and it was noted that while in some States, the preliminary work has been completed in terms of the assignment of functions to the three levels of panchayats, in several more, the matter is pending at the finalization stage. A copy of Joint Statement of conclusions arrived at the meeting is at Statement-I (*See* below).

The Minister has now initiated a process of visiting each of the States/UTs to review with the authorities concerned the progress in implementing the points for action contained in the compendium. It is expected that this will accelerate the base of implementation of provisions of Part IX, read with Article 243ZD of the constitutions and bring about greater conformity, in both letter and spirit, to the Constitutional provisions of Panchayati Raj in all States/UTs concerned.

He has so far visited Karnataka, West Bengal and Uttaranchal. The documents issued at the conclusion of each of these visits are given at Statements II, III and IV respectively.

Statement I

Joint statement of conclusions arrived at the meeting held at Kochi on 5th and 6th August, 2005

In order to operationalise the provisions of Article 243 G of the Constitution, which provides for devolution to empower Panchayati Raj Institutions (PRIs) to function as institutions of self-Government for making plans and implementing programmes for economic development and social justice the first Round Table of State Ministers of Panchayati Raj held at Kolkata in July 2004 resolved as follows, under the heading, *"Effective Devolution of Functions."*

> *"the essential step is the identification of activities related to the devolved functions with a veiw to attributing each of these activities to the appropriate tier of the 3-tier system;"* (Item III),
>
> *"On the basis of the identification of activities relating to devolved functions, and through the application of the principle of the subsidiarity, States/UTs may review/undertake time bound activity*

mapping with a view to completing this exercise within the fiscal year 2004-05;" (Item V),

"With a view to promoting a measure of irrevocability of devolved functions, devolution may be routed through legislative measures or, alternatively, by providing a strong legislative framework for devolution through executive orders." (Item VIII)

The First Meeting of the Council of State Ministers of Panchayati Raj reviewed the progress in this direction and noted that while in some States, the preliminary work has been completed in terms of the assignment of functions to the three levels of panchayats, in several more, the matter is pending at the finalization stage.

However in most States, there is a need to take several more substantive steps in the direction of reforms for strengthening Panchayats in the true letter and spirit of the Constitution. To this end, State Ministers of Panchayati Raj reiterated their commitment to address itself the resolutions of the Kolkata Round Table with all deliberate speed and resolved to accord priority to the specific following steps:

(i) Internal discussions with State departments will be expedited so as to finalise the consensus on Activity Mapping within the State. The Union Ministry of Panchayati Raj will be informed of the time line for completing this work.

(ii) With respect to those areas where there is a general consensus as to the devolution of functions and activities to all levels of Panchayats, States will expedite the issuing of necessary orders to operationalise the same. Copies of Government orders/Gazette Notifications will be intimated to Ministry of Panchayati Raj.

(iii) It is desirable for States to fix milestones in Activity Mapping, and take preparatory steps through dissemination of draft frameworks prepared to the Panchayats, so that they are in a state of preparedness to assume their new responsibilities. The Union Ministry of Panchayati Raj may be kept informed of steps being taken in this direction.

(iv) Training programmes for Panchayats members should include special sessions on the scope and implications of Activity

Mapping, particularly with reference to their roles in planning and implementation. The Union Ministry of Panchayati Raj will extent financial and technological assistance, if asked.

(v) Particular emphasis will be given to training and orientation of officials of various line departments, so that they better understand their role in the changed context of devolution of activities to Panchayats and are better equipped to assume a facilitatory role. The Union Ministry of Panchayati Raj will extent financial and technological assistance, if asked.

(vi) For effectively performing the functions devolved to them through Activity Mapping, the Panchayats would need a matching transfer of funds in respect of the devolved functions. This will require the entrustment of all schemes pertaining to the activities devolved upon Panchayats to the respective levels through the creation of a Panchayat Sector in the State Budget. The State Ministers undertakes to take steps in this direction, so as to meet the deadline agreed upon in the Kolkata Round Table to operationalise the transfer of schemes to Panchayats in the budget of 2006-07. The Union Ministry of Panchayati Raj will take into account progress in this regard in the administration of the Panchayat Empowerment Incentive Fund after this is established.

(vii) For Panchayats to effectively plan and implement the functions that have been devolved upon them it is necessary that funds pertaining to these schemes are transferred to them without delay or diversion. As part of this process, States need to put in place systems that are capable of tracking transfers of funds to panchayats, both through Banks and treasuries. This would particularly ensure tagging tracking of releases and expenditure of 12th Finance Commission Grants. To this end, Union Ministry of Panchayati Raj will work in close association with the Government, to put in place the required hardware and software.

(viii) States will furnish Union Ministry of Panchayati Raj, details of Activities devolved to Panchayats so as to build a national database in this regard, which would also be of considerable use in devising policies and schemes at the Central level.

The challenges in sustaining the pace of reform will require effective support and close coordination with the Central Government. The Ministry of Panchayati Raj would continue to support and coordinate activity mapping and take the specific following steps:

(i) The Ministry of Panchayati Raj will pursue the devolution of Central funds through united block grants, and systemic reform of Centrally Sponsored Schemes, including the establishment of a Panchayat Empowerment Incentive Fund to bring these in conformity with the constitutional provisions for good governance at the district and sub-district levels as set out in Part-IX read with the relevant articles of Part-IXA.

(ii) The Ministry of Panchayati Raj agrees to support initiatives in computerization and e-Governance of Panchayats in Uttaranchal as part of the National e-Governance Plan.

(iii) The Ministry of Panchayati Raj will continue to provide technical support, wherever necessary, for Activity Mapping. In addition, the Ministry would also provide support for the preparation of material for training programmes that would necessarily follow Activity Mapping in States.

(iv) Fact sheets furnished by States on Activity Mapping and details of innovations and best practices will be disseminated on the National Panchayat Portal.

Statement-II

Devolution to Panchayats in Karnataka : The way forward:

Joint Statement of conclusions arrived at after the visit of the Union Minister for Panchayati Raj and Petroleum and Natural Gas to Karnataka on the 29th April and 1st May, 2005:

Karnataka has championed the noble cause of empowering Panchayats and devolving powers to them since decades. The State has been at the forefront of the empowerment of all three levels of Panchayats so that they function as institutions of local self-Government in the letter and spirit of Part-IX of the Constitution. The recent measures of the Karnataka Government stand testimony to its sustained support to Panchayati Raj reform. The amendments made to the Karnataka

Panchayat Raj Act in October 2003 and the subsequent steps taken to strengthen the Grama Sabha; create and empower Ward Sabhas; complete Activity Mapping; and rationalize and simplify schemes entrusted to the Panchayats are examples to be emulated countrywide. The monitoring of the actualization of devolution by the Legislative Committees is a significant step in the strengthening of Panchayats in the State. The entrustment of schemes by the State Government to Panchayats in the current year's budget is a giant step forward in matching the functional transfer with funds. Through this process, the Panchayats now handle in excess of Rs. 3500 crores of Plan funds per year. However there is a need to both substantially increase the quantum of funds available at each level of Panchayats and to untie the bulk of these funds.

A fresh national impetus has been given to the devolution of powers and responsibilities through the Seven Round Tables of State Ministers of Panchayati Raj which arrived by consensus, at 150 recommendations pertaining to 18 dimensions of Panchayat Raj. Karnataka has initiated implementation of 77 of the 106 recommendations of the Round Tables that pertain to it. The Government of Karnataka will address itself with all deliberate speed to the remaining recommendations.

- The challenges before Karnataka in sustaining the pace of reform will require effective support and close coordination with the Central Government. In this endeavour the State Government of Karnataka and the Union Ministry of Panchayati Raj, have agreed to accord priority to the following points.

- Karnataka has devolved through legislation all the 29 matters in the Eleventh Schedule of the Constitution to the Panchayats. This functional transfer has been further clarified through an Activity Mapping framework, issued in August 2003. This has been followed by the entrustment of all schemes pertaining to the activities devolved upon Panchayats to the respective levels, in the State Budget of 2005-06. In the letter and spirit of Article 243 G of the Constitution, the Government of Karnataka commit itself to following up the devolution of functions and funds with the matching devolution of functionaries.

- For Panchayats to effectively plan and implement the functions that have been devolved upon them it is necessary that funds

pertaining to these schemes are transferred to them without delay or diversion. Karnataka has already shown the way by putting in place a Bank transfer mechanism for transferring funds to Gram Panchayats. In continuation of this reform process, it agrees to put in place systems that are capable of tracking transfers of funds to panchayats.

- The Government of Karnataka will consider the establishment of a cadre of administrative and technical staff exclusively for PRIs.
- Karnataka has recently conducted elections to the Gram Panchayats and is due to conduct elections to the Taluk and Zilla Panchayats shortly. A new set of elected representatives have assumed office. The Ministry of Panchayati Raj shall assist the Government of Karnataka in capacity building and training of these representatives.
- In order to build capacity and leadership among categories for whom seats are reserved, Karnataka shall consider favourably the slowing down of the reservation cycle so that the option to reserve seats for more than one-term is open but it is for the State Legislature to decide the number of terms for which seats will remain reserved.
- The Union Ministry of Panchayati Raj will pursue the devolution of Central funds through untied block grants, and systemic reform of Centrally Sponsored Schemes, including the establishment of a Panchayat Empowerment Incentive Fund to bring these in conformity with the constitutional provisions for good governance at the district and sub-district levels as set out in Part IX read with the relevant articles of Part IXA.

Statement-III

Devolution to Panchayats in West Bengal: The way forward:

Joint Statement of conclusions arrived at after the visit of the Union Minister for Panchayati Raj and Petroleum and Natural Gas to West Bengal on the 13th, 14th and 15th May, 2005:

West Bengal has been at the forefront of the empowerment of Panchayats from 1973 onwards. In 1994, it enacted its State Panchayat

legislation to conform to the 73rd Amendment to Constitution, so as to establish Panchayats as institutions of local self-Government in the letter and spirit of Part IX of the Constitution. The steps taken in West Bengal to institutionalise peoples' participation through Panchayati Raj, stand testimony to its sustained commitment towards Panchayati Raj.

A fresh national impetus has been given to the devolution of powers and responsibilities through the Seven Round Tables of States Ministers of Panchayati Raj, which arrived by consensus, at 150 recommendations pertaining to 18 dimensions of Panchayati Raj. West Bengal has initiated implementation of the recommendations of the Round Tables that apply to it. The Government of West Bengal is in broad agreement with these recommendations.

The challenges before West Bengal in sustaining the pace of reform will require effective support and close coordination with the Central Government. In this endeavour the State Government of West Bengal and the Union Ministry of Panchayati Raj, have agreed to accord priority to the following points:

- West Bengal has devolved through legislation all the 29 matters in the Eleventh Schedule of the Constitution to the Panchayats. This functional transfer is being further clarified through an Activity Mapping exercise, which has been completed for several matters such as agriculture, agriculture marketing, animal resources development, cottage and small scale industries, forestry, health and family welfare, fisheries, food and civil supplies, mass education extension, backward classes welfare, women and child development and social welfare and information and cultural affairs. In the letter and spirit of Article 243G of the Constitution, the Government of West Bengal commit itself to issuing the necessary orders for operationalising the activity mapping and then follow this with the matching devolution of funds.
- For Panchayats to effectively plan and implement the functions that have been devolved upon them it is necessary that funds pertaining to these schemes are transferred to them without delay or diversion. In furtherance of reform in this direction, West Bengal has already put in place computerized system that is capable of tracking transfers of funds to panchayats on a pilot basis, which will be expanded in due course.

- The Government of West Bengal has already established a cadre of officials, including technical staff exclusively for PRIs, which the State Government will consider to expand further.
- In pursuance of the Prime Minister's proposal for Rural Business Hubs through Panchayats, the Government of West Bengal and the Ministry of Panchayati Raj, will work towards partnerships between the organized business sector and the Panchayats in promoting these hubs.
- The Ministry of Panchayati Raj shall assist the Government of West Bengal in capacity building on matters including those related to decentralized planning with focus on poverty alleviation, good governance and delivery of citizens services and related training of elected representatives of Panchayats.
- The Union Ministry of Panchayati Raj will pursue the devolution of Central funds through united block grants, and systemic reform of Centrally Sponsored Schemes, including the establishment of a Panchayat Empowerment Incentive Fund to bring these in conformity with the constitutional provisions for good governance at the district and sub-district levels as set out in Part IX read with the relevant articles of Part IXA.

Statement IV

Joint Declaration by Union Minister for Panchayati Raj and Chief Minister of Uttaranchal on Panchayati Raj System

As per the provisions mentioned in Part IX of the Indian Constitution, the following works have been completed so far by Government of Uttaranchal for the purpose of empowering the Panchayati Raj Institutions as a unit of local self Government, to make the schemes of economic development and social upliftment in the field of their rights of these institutions and to implement them to make these schemes in favour of public interest by balanced follow up of those, to bring transparency in works and finally to ensure public participation in economic development and social upliftment.

1. According to the spirit of Article 243G of Indian Constitution, Executive Order dated 29.10.2003 have been issued to transfer

14 subjects to Panchayats out of subjects mentioned in the XIth Schedule of the Constitution.

2. Detailed Guidelines have been issued in respect of the transfer of administrative control, financial power and functionaries and responsibilities relating to subjects transferred by Executive Order dated 29.10.2003.

3. Detailed Departmental Orders have been issued by 11 Departments in respect of the subjects out of 14 subjects transferred to Panchayats.

4. Employees have been kept under administrative control of Panchayat by Departmental Executive Order in respect of transferred subjects.

5. Activity Maps have been prepared in respect of each subject transferred to Panchayats.

6. Co-operation from NGOs has also been taken in preparation of Activity Maps.

7. 11 Departments are reviewing their Executive Orders regarding 14 transferred subjects on the basis of Activity Maps.

8. First Finance Commission was constituted in the State in 2001 to make recommendations to provide solid financial basis to the Panchayats.

9. First State Finance Commission made its representation in 2003.

10. Unconditional financial grants were sanctioned to District Panchayats and Village Panchayats on the recommendations of State Finance Commission.

11. State Finance Commission did not make recommendations for Financial grants to Intermediate Panchayats so as to give sound financial base to those Panchayats. It has been started to give annual grant at the rate of Rs. 25 lakhs for Intermediate Panchayats from 2005-06. In the 2005-06 Budget, Rs. 23.75 crores have been earmarked for this purpose.

12. Second Finance Commission has been constituted.

13. Village panchayats are smallest units of Panchayati Raj System. In Uttaranchal, 2644 out 7227 Village Panchayats have been made available Panchayat Bhawan for their offices.

14. For 4583 such Gram Sabhas of Uttaranchal who have no Panchayat Bhawan for their offices and meetings, Panchayat Ghars have been sanctioned by making financial arrangements in regular income expenditure of 2005-06 and from Supplementary Demands of 2004-05. Thus, State Government has earmarked Rs. 80.00 crores for construction of offices/Sabha Bhawans for Village Panchayats.

15. Standard Maps have been prepared for uniformity in construction of Panchayat Ghars in the State and these Panchayat Ghars have been named as Rajiv Gandhi Panchayat Bhawan.

16. It has been required from the Village Panchayat to make such arrangements that these Bhawans could be used as the source of revenue also and thus, these Bhawans could be developed as centres of commercial activities.

17. Panchayat representatives and Panchayat employees were provided training regarding identification of the requirements and priorities of Panchayats, keeping in view the financial resources and make plans according to that and to implement the plans participation of 80% elected Panchayat representatives have been ensured so far.

18. Use of forms approved by the Comptroller and Auditors General of India have already been started for maintenance of Accounts of Panchayats.

19. New forms of accounts have been made available to all levels of Panchayats.

20. Regarding use of new forms and entries, first round of training has been imparted to officers/employees of all these levels.

21. Work of installation of computers in the District level offices have been completed. These offices including the offices of District Panchayats.

22. Work of installation of computers in Intermediate Panchayats have been started. These computers will come in use of Intermediate Panchayats and Village Panchayats.

23. The provision has been in the Act to empower the Gram Sabhas to accept the Plan.

24. Provision to give 'Right of Selection of Beneficiaries' to the Gram Sabha has also been made in the Act.

25. Gram Sabha have right to check the quality of works completed by Village Panchayat.

26. Women are given reservation in elections and at present 35.45% seat are held by women.

27. There is provision for reservation for SC/ST and OBC as per their population.

28. Seat reserved for women have been reserved for one term.

29. Training have been imparted to elected women for development of their capabilities.

30. State Election Commission has been constituted in Uttaranchal.

31. State Election Commission has been provided all powers to conduct free and fair elections.

32. General elections of three tier Panchayats were conducted successfully by the State Election Commission during the year 2003.

33. State Election Commission is making arrangements to conduct general elections of Hardwar district in the year 2005.

34. The Accounts of the Panchayats are being audited regularly by the Local Fund Accountant.

35. The Accountant General has been authorised for the audit of the accounts of the Panchayati Raj Institutions.

36. Stress has been laid to make the paragraph of the audit corrective so that the maintenance of the accounts can progressively be corrected.

The Government of Uttaranchal will continuously endeavour to make the PRIs more strengthened, empower to plan and implement and also to mobilise their own resources and will also endeavour—

(1) The elected representatives of the Panchayats will be included in discussion at each level and the visible difficulties would be resolved feasibly.

(2) On the basis of the 'Activity Mapping' in respect of the devolution of issues to Panchayats, the vetted executive orders would be issued by August, 2005 and if any difficulties are felt, would be resolved at the concerned level and this process will be initiated in the presence of the Hon'ble Union Minister for Panchayati Raj.

(3) By the end of 2006-07, road map to transfer the finance would be made and on that basis, actual transfer will also be made in this very period.

(4) Even after the issue of the executive orders, difficulties during the implementation would be paid attention.

(5) By the end of 2006, the District Rural Development Agencies will be merged with the District Panchayats.

(6) The transfer of functionaries on the basis of activity mapping would be done Phase-wise by the end of 2006-07.

(7) The Gram Panchayat would be provided training continuously to make them able and develop their capabilities.

(8) The District Planning Committee would be constituted by the end of October, 2005 so that this Committee may prepare the Annual Plan of the next financial year.

(9) Action will be taken to place the Annual Report of the Panchayat and for the first time, Reports for the financial year 2006-07 would be placed on the Table of the Legislative Assembly.

(10) Action for audit of accounts of the Panchayats will be initiated from the year 2005-06.

(11) By the end of the year 2005-06, Departmental Citizen Charter will be prepared.

(12) To establish appropriate relationship between forest Panchayats and PRIs effective steps will be taken.

(13) In the State of Uttaranchal, the District Panchayats have abundant basis to enhance their own revenues and this is a good arrangement but there is need to encourage Panchayats, of other levels, particularly to Village Panchayat to levy taxes and user charges. The State Government would make appropriate reforms for taxation.

(14) The Government of Uttaranchal would consider to increase the duration for reservation to develop the capacity and also to develop the quality of leadership of representatives of the reserved class but how much the duration would be, only State Legislative Assembly would take decisions in this regard.

(15) It is eminent for the success of the scheme follow-up of the implementation, selection of the beneficiaries, transparency and social audit that not only the village Panchayats are developed but Gram Sabhas are also needed to be strengthened.

Therefore, it would be necessary that training is imparted to Gram Sabhas in a phased manner to make them capable.

(16) It is necessary that all officers/functionaries of three tier Panchayats are trained in accounts and computer training in both of these spheres would be necessary.

The Government of Uttaranchal desires that Panchayats are empowered and strengthened, and the State Government is making all efforts for it and also in future, the State Government will endeavour to strengthen the Panchayat at each level. But the State Government cannot obtain this target without active support of the Government of India. Therefore, the Government is committeed to—

(i) In the Centrally financed scheme, where committees exist there either Panchayat or Committee of the Panchayat should be submitted so that Panchayat may play their active role.

(ii) The Union Ministry of Panchayati Raj would ensure that the Central releases are received as united grants and the Centrally financed schemes are gradually reformed wherein the set up of Panchayat Empowerment Incentive Fund would be included so that the function of good governance according to the relevant provisions provided in the Part IX and Part IX(A) of the Constitution at district and tehsil level may be performed.

(iii) The Central Acts, particularly Forest Act should be amended in such a way that its provisions do not remain constraint in the functioning of Panchayat.

(iv) The financial resources of the State Government are comparatively a little. So far the implementation of the schemes, Panchayats should get periodical united grants from the Government of India and its amount should be sufficient for the panchayat to do their developmental work.

(v) For the Training of Gram Sabha for Capacity Building, the State Government would get money from the Government of India. The Ministry of Panchayati Raj Government of India is committed to provide distant training facility to the State of Uttaranchal through satellite.

(vi) The State Government should receive periodic grants for the training of the elected representative for capacity development continuously so that the elected represenatives of the Panchayat at each level may know their work and also get latest information.

(vii) The training of the functionaries to have efficiency in accounts and computers is necessary to keep the maintenance of the accounts correctly. It is, therefore, necessary for the State Government to get grant for the training of the functionaries.

(viii) To keep the functioning of Panchayats, a constant developing process, it is necessary that the representatives and officers/ functionaries of panchayats understand the system of those States so that Panchayati Raj System may be strengthen.

Therefore, the State Government desires that the representatives and personnel of Panchayat Raj are exposed. For such exposure towards the State Government, needs help of the Government of India.

(ix) 3552 Gram Panchayats of the State having more than 500 population should be provided computers in the first phase and training to the Panchayat representatives/functionaries be given again.

(x) The Union Ministry of Panchayati Raj expresses its commitment to the Government of Uttaranchal to provide technical assistance for making reforms in the system of Panchayati Raj, prepare new Panchayati Raj Act, particularly considering the specific geographical condition of the State and conditions and problems as well as the interest of different classes and communities such as minorities, SCs and STs, women, backward and weaker sections etc. Activity Mapping and transition of financial powers.

The objective of the State is to have a strong Panchayati Raj capable representative of Panchayati Raj and transparent Panchayat system and it is believed that it can be achieved only with the active support of the Government of India.

Devolution of powers to Panchayat

2281. SHRI SHANTARAM LAXMAN NAIK: Will the Minister of PANCHAYATI RAJ be pleased to state:

(a) whether devolution of powers to the panchayat bodies under 73rd amendment to the Constitution of India is being monitored by his Ministry;

(b) if so, the details of the powers devolved upon various panchayat bodies by the State Governments as per the list of items mentioned in the Eleventh Schedule of the Constitution;

(c) whether Government propose to make devolution fully or partly mandatory; and

(d) if so, the details thereof?